



THE CITY OF SAN DIEGO

## **Artists Contracting with the City of San Diego: Insurance Requirements**

### **Type of Insurance**

Contracting with the City requires that artists, vendors, and suppliers provide evidence of certain types of insurance coverage. The nature of the contract or the project may require more or less insurance in terms of limits or specialized coverage and the City reserves the right to review the nature and scope of each project and to adjust insurance requirements accordingly. Typically, there are three types of insurance that artists will be asked to provide in conjunction with a contract.

- **General Liability (Commercial General Liability) Insurance:** This type of insurance protects artists and the City from third party claims. An example of this type of claim would be if an artist provides the City with a stained glass window and puts it up in a building. Then the window falls and hits someone. If the person who is hit with the window brings a lawsuit against the City, this would be considered a third party claim. Minimum liability insurance limits are \$1 million and may be increased depending on the size of the project and the nature of the risk to the City. A certificate of insurance is required and the City must be named as an additional insured.
- **Auto Insurance:** The type of auto insurance required varies according to the scope of work the artist has been contracted to do by the City. When the artist receives a contract to perform design services only with a budget less than \$5,000, the artist is required to provide evidence of his/her current auto insurance. When the artist receives a contract to perform design services only with a budget equal to or more than \$5,000, the artist must provide a certificate of insurance for auto liability limits of \$300,000 per accident, combined single limit, and the City must be named as an additional insured. When the artist receives a contract for any other type of services, the artist must provide a certificate of insurance for auto liability limits of \$1 million per accident, combined single limit, and the City must be named as an additional insured. In these cases, a copy of the additional insured endorsement must also be provided to the City.
- **Workers' Compensation Insurance:** If you have employees, you must show the City evidence that you provide workers' compensation insurance which meets statutory requirements. You must also have employer's liability insurance with limits of \$1 million. This requirement does not apply if you are your own employee or you only have immediate family members working for you. If this is the case, you may sign a waiver that the City provides showing that you do not have employees. If a waiver is signed, then no evidence of workers' compensation coverage needs to be provided to the City.

## **Where to get Insurance Policies**

Most people already have some type of insurance – an auto policy, homeowner’s insurance, renter’s insurance, etc. An artist can go to his/her insurance agent or broker to find out if they can provide the required insurance. If an artist has a homeowner’s policy, he/she has to be careful because those policies typically do not cover the artist’s work or business. An artist has to specifically say that he/she is requesting coverage for business pursuits, even if he/she works out of his/her home.

The City recently joined a program called SPARTA. This is a special program designed to provide job-specific insurance for artists and tradesmen. SPARTA only works with public entities - cities, counties, and different types of authorities. They are aware that the City requires certain types of insurance with higher limits than most people have. SPARTA offers insurance at a volume discount. When an artist is working with the City, he/she is eligible to purchase insurance through SPARTA at a reduced cost. SPARTA offers a general liability program that provides the \$1 million limit and, upon request, will also provide auto insurance with the \$1 million limit (only in conjunction with the purchase of general liability insurance). SPARTA is only available during the time you have a project with the City. The policy period will vary depending on the length of the project or job, but under no circumstances will the policy cover the artist’s liabilities while performing other work for private entities, individuals, or other governmental agencies. Depending on the type of work that is being done, the artist may request different types of coverage including product and completed operations coverage, which will extend beyond the policy period, with an additional premium.

## **What to Ask for in an Insurance Policy**

The City requires that the insurance company be licensed to do business in the State of California and that it has a minimum rating of at least “A -, VI”, from AM Best, an insurance rating service.

## **Frequently Asked Questions about the City’s Insurance Requirements**

***Q: What if a team of three or four individuals (all independent contractors) is contracting with the City?***

**A:** Typically, the City will contract with one lead artist and that person will need to provide the required evidence of coverage. That person will also need to ensure that anyone on his/her team or any subcontractors he/she hires has the required coverage unless they are included under the artist’s policy.

***Q: What is the timeframe for submitting the certificate of insurance?***

**A:** Once an artist is awarded the job and signs a contract with the City, then the artist has to provide the required certificate of insurance. However, we always let artists know of the City’s insurance requirements in the competition phase so that each artist can make an educated

decision about whether to apply.

**Q: *How long does an artist need to carry the required coverage?***

**A:** Throughout the duration of the job and until completion. In some cases, there are some exceptions: if you do a specific kind of work (i.e., creating structures), the City may want you to maintain insurance for a while longer after completion to make sure there is coverage.

**Q: *Do artists need workers' compensation coverage if they are going to contract out (use subcontractors for) a part of the project?***

**A:** The artist will have to show evidence that the people or vendors he/she is using as subcontractors have workers' compensation if required by the State of California. If an artist is an independent contractor and is paying another independent contractor who technically does the work himself/herself and doesn't have employees, a waiver needs to be signed by this person and provided to the artist who holds the contract with the City.